

**UNITED STATES BANKRUPTCY COURT
THE SOUTHERN DISTRICT OF NEW YORK**

In re:

JENNIFER CONVERTIBLES, INC.,¹

Debtors.

Chapter 11

Case No. 10-13779 (ALG)

(Motion for Joint Administration Pending)

**INTERIM ORDER PURSUANT TO SECTIONS 105(a), 363(c), AND 503(b)(1) OF THE
BANKRUPTCY CODE AUTHORIZING THE DEBTORS TO HONOR PREPETITION
OBLIGATIONS TO CUSTOMERS AND OTHERWISE CONTINUE
CUSTOMER PROGRAMS IN THE ORDINARY COURSE OF BUSINESS**

Upon the motion, dated July 19, 2010 (the “Motion”)² of Jennifer Convertibles, Inc. and its affiliated debtors, as debtors in possession (collectively, the “Debtors”), for an order authorizing the Debtors, pursuant to sections 105(a), 363(c), and 503(b)(1) of title 11 of the United States Code (the “Bankruptcy Code”), for an order authorizing the Debtors to honor certain prepetition obligations to customers and otherwise continue Customer Programs, in the ordinary course of business, all as more fully set forth in the Motion; and, upon consideration of the Declaration of Rami Abada in Support of the Debtors’ Chapter 11 Petitions and Request for First Day Relief; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the requested relief being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, if applicable, are: (i) Jennifer Convertibles, Inc. (4646); (ii) Jennifer Convertibles Boylston MA, Inc. (7904); (iii) Jennifer Chicago Ltd. (0505); (iv) Elegant Living Management, Ltd. (5049); (v) Hartsdale Convertibles, Inc. (1681); (vi) Jennifer Management III Corp. (3552); (vii) Jennifer Purchasing Corp. (7319); (viii) Jennifer Management II Corp. (9177); (ix) Jennifer Management V Ltd. (9876); (x) Jennifer Convertibles Natick, Inc. (2227); (xi) Nicole Convertibles, Inc. (5985); (xii) Washington Heights Convertibles, Inc. (0783).

² All Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion.

the Motion having been provided to the parties listed therein, and it appearing that no other or further notice need be provided; and the Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and it appearing that the relief requested in the Motion is in the best interests of the Debtors, their estates, and creditors; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED on an interim basis.
2. The Debtors are authorized and empowered ~~in their sole discretion~~, but not directed, pursuant to sections 105(a), 363, and 503(b) of the Bankruptcy Code, to continue, renew, replace, implement, modify, and/or terminate the Customer Programs, as they deem appropriate, in the ordinary course of business and without further application of the Court.
3. The Debtors are authorized but not directed, in their sole discretion, to honor all prepetition obligations relating to the Customer Programs, in the ordinary course of business, in the same manner and on the same basis as the Debtors honored such obligations prior to commencement of these chapter 11 cases, provided, however, that the Debtors are authorized to make only those payments on prepetition claims that are due and payable within the first 21 days of the Debtors' cases, and such relief will be subject to a final hearing.
4. The relief granted herein shall not constitute an approval or assumption of any Customer Program or related agreement or policy pursuant to section 365 of the Bankruptcy Code.

5. Nothing in this Order or the Motion shall be construed as prejudicing or waiving any rights the Debtors may have to contest the amount or basis of any prepetition or postpetition obligations relating to the Customer Programs.

6. The Debtors' Banks are authorized, when requested by the Debtors ~~in the Debtors' sole discretion~~, to receive, process, honor and pay all checks drawn on or direct deposit and funds transfer instructions relating to the Debtors' accounts and any other transfers that are related to the Customer Programs and the costs and expenses incident thereto; provided, however, that sufficient funds are available in the accounts to make such payments; provided further, however, that the Banks may rely on the representations of the Debtors regarding which checks that were drawn or instructions that were issued by the Debtors before the Commencement Date should be honored postpetition pursuant to an Order of this Court and the Banks shall not have any liability to any party for relying on the representations of the Debtors as provided herein.

7. The Final Hearing to consider entry of an order granting the relief requested in the Motion on a permanent basis shall be held on **August 4, 2010 at 11:00 a.m.** (Eastern Time); and any objections to entry of such order shall be in writing and filed with this Court and served upon (a) Olshan Grundman Frome Rosenzweig & Wolosky LLP, Attn: Michael S. Fox, Esq., Counsel for the Debtors; (b) Office of the U.S. Trustee; (c) Lawrence A. Darby, III, Esq., Counsel to Mengnu; and (d) Neiger LLP, Attn: Edward E. Neiger, Esq., Counsel to Mengnu; and (e) counsel for any statutory committee appointed in these cases, in each case so as to be received no later than **12:00 p.m.** (Eastern Time) on **August 2, 2010**.

8. If no Objections are filed to the Motion, the Court may enter a Final Order without further notice or hearing.

9. Bankruptcy Rule 6003 has been satisfied.
10. The requirements of Bankruptcy Rule 6004(a) are waived.
11. Notwithstanding any applicability of Bankruptcy Rule 6004(h), the terms and conditions of this Order shall be immediately effective and enforceable upon entry of this Order.
12. The Debtors are authorized to take all steps necessary to carry out this Order.
13. This Court retains jurisdiction to interpret and enforce this Order.

Dated: July 22, 2010
New York, New York

/s/ Allan L. Gropper
UNITED STATES BANKRUPTCY JUDGE